

THIRD TAXING DISTRICT

REGULAR MEETING

APRIL 14, 2003

ATTENDANCE: David Brown, Chairman; Paul Coggin

STAFF: Ron Scofield, Office Manager; George Leary, General Manager

OTHERS: Attorney Larry Dennin

Mr. Brown called the meeting to order at 7.05pm.

PUBLIC COMMENTS

There were no comments from the public this evening.

APPROVAL OF THE MINUTES FROM MARCH 10, 2003

**** MR. COGGIN MOVED TO TABLE THE MINUTES OF MARCH 10, 2003.**

**** MR. BROWN SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

APPROVAL OF THE MINUTES FROM MARCH 21, 2003

**** MR. COGGIN MOVED TO TABLE THE MINUTES OF MARCH 21, 2003.**

**** MR. BROWN SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

**** MR. BROWN MOVED TO ADD AN ITEM TO THE AGENDA:
IMPLEMENTATION OF A NEW POLICY FOR CORRECTING THE MINUTES.**

**** MR. COGGIN SECONDED.**

**** MOTION PASSED UNANIMOUSLY**

NEW POLICY FOR CORRECTING THE MINUTES

**** MR. COGGIN MOVED TO REQUEST FROM TELESCO SECRETARIAL SERVICES THAT
MINUTES ARE MARKED AS DRAFT UNTIL THEY ARE APPROVED AND;**

**WHEN DISCUSSION TAKES PLACE AND CORRECTIONS ARE MADE, THAT THE MINUTES
GET EMBEDDED IN THE RESPECTED MEETING AND A FINAL VERSION IS CREATED AND
SENT TO THE CLERK AND RECORDED AS THE FINAL VERSION AND;**

TO WORK WITH THE NEW PROCEDURE ON AN ON-GOING BASIS AND THAT IT IS STARTED FEBRUARY 6, 2003.

** MOTION PASSED UNANIMOUSLY.

GENERAL MANAGER'S REPORT

Mr. Leary mentioned the issue about the flags in the city because he found out that the Governor had ordered them to be at half-staff.

With regard to bond defeasance, Mr. Leary stated that CMEEC have sold their share of Millstone 3 and they got about \$10 million and they have been looking for other opportunities to invest that money but have not done so yet. As a result of this they have elected to put the money aside until the bonds are callable. He referred to a statement entitled Report on Bond Defeased on March 11, 2003 and went through the numbers on page two stating that the Third Taxing District's debt to CMEEC is down by \$910,576 leaving a total of \$4,371,520.

Mr. Leary handed out a copy of the CMEEC financials and referred to this as an off-balance sheet.

Mr. Coggin stated that there are guidelines about when items are either on or off the off-balance sheet; he asked if this qualified as an off-balance sheet item. Mr. Leary replied that it is CMEEC's debt and they (the Third Taxing District) are contractually responsible to CMEEC.

Mr. Leary continued to explain the financial sheets by stating that their rate stabilization fund is now over \$3 million as of February 28, 2003. This is done for two reasons, one to stabilize rates and secondly, to get the bonds off the books early so when CL&P have their stranded costs paid they too will have their costs paid off and have a lower cost of service. Mr. Leary said to be competitive they have to

do this. He said with the \$3 million rate stabilization fund and \$278,000 in economic development funds and they can direct that money.

Mr. Dennin questioned the economic development fund in that he thought it should be higher and added that money had been taken out of that fund.

Mr. Leary referred to the end of the statement and said their net obligation is \$1.8 million (64.3% funded). Mr. Brown said in a time of uncertainty (theoretically) they do not really want to spend rate stabilization to bring down the number they owe CMEEC.

Mr. Coggin confirmed they should add a footnote to their balance sheet to reflect all of this and asked if there was any action they should take. Mr. Leary did not think so at this time.

Mr. Brown asked if the auditors were aware of this action. Mr. Leary stated that he was not certain of this but could make them aware.

Addressing Standard Market Design (SMD), Mr. Leary said for the month of March whereby they had a full month under SMD it was something of a mixed bag as fuel prices were up at the beginning of the month but have since come down. He explained that CMEEC has a contract with North East Utilities for a big chunk of power supply and they decided they would deliver that power supply in New Hampshire. That was a big change and went to arbitration and so now the power is being delivered to Massachusetts (the hub). Mr. Leary added that there was a settlement and they will have money coming back. He said the bottom line means higher prices.

Mr. Leary showed an example of a CMEEC bill to illustrate what they pay on a fixed price so through February (two months) their prices have been running below the estimate. He added that extra money had been put into the rate stabilization fund for those two months and they are doing better than anticipated. Mr. Leary noted that the costs will not go up in March but their rate stabilization could go down.

With regard to Scott Marsic, Mr. Leary reported that his unemployment was denied and he did receive the termination letter and his health insurance was cancelled. Mr. Scofield noted that they would not get confirmation of this until they receive next month's bill.

Mr. Leary stated that Victor Tenor's unemployment was granted.

With reference to the SNET pole attachments, Mr. Leary said the telephone company is handling the transactions between the them and cable TV for pole attachments and they are asking for a huge increase in their fees. He stated that CMEEC are fighting this. Mr. Brown asked if that would mean more work for them. Mr. Leary said instead of paying the phone company they would pay CMEEC.

Mr. Leary addressed system improvements and distributed three sheets entitled Outstanding Capital and Maintenance Projects – 2003. He added that he had been working with Joe Cristino on what is going to be most productive and they had come up with two projects. He explained that they have two circuits feeding their system (one to each substation) and the circuit that feeds Roland Street is not big enough to carry the whole load; he said if the other circuit were out they could not carry the whole load on a very hot or cold day. Mr. Leary said this work would have to be done by a contractor and is estimated at \$190,000.

The other project, Mr. Leary explained would be using fiber optic cable. Right now they have a small control cable running from the office to East Avenue to Roland Street and they keep coming up with new cable requirements. He said he would make good sense to put a fiber optic cable from the office to East Avenue to Roland Street; he added that their people could install this. Mr. Coggin suggested they get three bids on the cable upgrade.

Regarding the meter audit, Mr. Leary said he had spoken with NU and they gave him a date of mid-June. Mr. Coggin said they should lock in a date, if not they should consider another vendor. Mr. Leary said he would look through the other bids.

With respect of office cleaning, Mr. Leary noted that a man does come into the offices every Wednesday, he gets paid \$150 a month and the place is clean but added that the bathrooms need more cleaning than once a week. The man in question does not want to take on any more work so Mr. Leary suggested that they have somebody come in on a Monday and a Friday.

Mr. Brown said they might have to consider getting a bid from a professional service. Mr. Coggin suggested they get three bids.

Mr. Leary stated that it is their 90th anniversary and they should be doing something. Mr. Brown suggested they add something to the banners. Mr. Coggin said, as they wanted to go to a phase two perhaps that could include the 90th anniversary.

Mr. Coggin asked the official date and suggested a party at Constitution Park. He further suggested making the area under the railroad bridge prettier by taking down the billboard and that he had spoken with Metro North about this. Mr. Coggin said this would be more welcoming coming into East Norwalk center.

Attorney Dennin stated that he had just checked the record and the official date was October 1, 2003.

There was discussion about lights, key chains etc including the date. Mr. Scofield said they used to give out things of this nature at the Oyster Festival and suggested this be considered for the 90th anniversary hand-outs.

Mr. Leary said Radix is coming in April 30, 2003 and they are able to set up and train in one day. Mr. Brown asked if Doug Williams is all set up. Mr. Leary stated that Mr. Williams has to put a computer in the meter shop to interface with the readings.

Regarding computer back-ups, Mr. Leary said they have a very thorough back-up system for the billing in the meter shop and that is running all of the time. He said the problem is one fire could take them all out and added that if they had fiber optic cable they could back up the server somewhere else. Mr. Leary said he had discussed this with Mr. Williams who said he would give them a price on setting up a virtual private network and he will back up the transactions with a computer at his office.

Mr. Brown raised the security issue with regard to the back up. Mr. Coggin agreed and added that the right confidentially agreements be in place as they are dealing with public information.

Mr. Coggin said they should ask Mr. Williams to define what he means by virtual private network. Mr. Leary noted that after a conversation with Mr. William he had informed him that the information would be backed up over the internet every day. Mr. Coggin stated that he would like a second opinion on this.

Mr. Leary moved to the subject of an update of legislation and referred to an article in the Norwalk Hour and Article (he handed out copies). He said at the end of this year the standard office service for CL&P runs out and they are giving subsidized prices to all of their customers. He said if nothing is done their customers would see an increase in cost. Mr. Leary added that legislation has been filed and that CMEEC have been involved with this.

Mr. Leary noted that he had received a telephone call from the Department of Public Utilities Control and stated that they have not filed an income report since 1992. The lady with whom he had spoken said she would be happy if the Third Taxing District would give her assurance that they will file last year's report.

Mr. Scofield said he had stated this in 1995 and had taken hours and hours. Mr. Leary said he was not sure what to report at this point but remarked that it is a lot of work.

Mr. Coggin said that by starting the process they would at least be able to see where the date gaps are and be able to back track.

Regarding the electric vehicle. Mr. Leary said they have two, a van with 500 miles on it and an older pick up truck that does not run and has a lot of money spent on it. He added that the van did come through CMEEC and there maybe some use for it at the casinos.

Mr. Brown said originally CMEEC was going to buy one a month and every month a different utility would get to use it. He said they information they needed to provide was how far the vehicle was driven and how many kilowatts did it take to charge the battery. Mr. Brown said the first truck was so big it could not get under the railroad bridge so they were supplied with a slightly smaller one and they have little or no use for it now. However they did have the relevant figures needed for the study. Mr. Scofield said the lease runs out in December of this year.

Mr. Leary recommended that if they could get a deal from CMEEC they should do this. He said for the vehicle that does not function, he recommended that they look into a vocational school who would take it they could donate it.

CMEEC GENERATION PROPOSAL

Mr. Leary said they made a bid with CL&P to put in some generation at the wastewater plant; CL&P declined the bid and they did not get the task. He said that South Norwalk is going ahead and they might get another chance at this when CL&P build their transmission line.

Mr. Brown said they had had conversations with the city about renting area at the wastewater plant, as the site was big enough. He said in the future they may not want to be in the generation business.

CMEEC FINANCIAL

Mr. Leary noted that this had already been covered in his General Manager's Report (refer to page 2 of minutes).

PENSION UPDATE

Mr. Leary explained that they had the pension fund evaluation meeting and referred to a copy of this.

Mr. Brown said there are some contradictions from the summary and in the plan itself. He said he made Attorney Hodgson aware of the discrepancies and they are going to try and re-write this so all of the sections are consistent. Mr. Brown said when they started to do the employees' contract they were willing to offer, upon signing of the contract, a one time only allowance for seven years or more, however the union said no to this.

Mr. Leary stated that the plan needs to be updated, as there are changes in the law; he said at the same time they could clarify some of the discrepancies. He also pointed out three issues at the bottom of his memo and they were adopting assets smoothly as the stock market has impacted and secondary to this not as much was put in the year before as they should have done. The other impact on the contribution is turnover and that has worked in their favor.

Mr. Coggin agreed with the comments and recommendation made by Mr. Leary and was happy for him to go ahead and take any action required.

GENERAL MANAGER APPROVAL FOR APPA

ANNUAL MEETING (JUNE 14-16)

Mr. Leary suggested that they should all attend the APPA Annual Meeting. Mr. Coggin said he would be going. Mr. Scofield stated that Mr. Feinstein is already enrolled.

** MR. BROWN MOVED THAT MR. FEINSTEIN, MR. COGGIN AND MR. LEARY ATTEND THE ANNUAL APPA MEETING, JUNE 14-16.

** MR. COGGIN SECONDED.

** MOTION PASSED UNANIMOUSLY.

POLICY UPDATES

Mr. Leary handed out the policies he could find and distributed the Policy Manual marked draft. Mr. Coggin noted that although they are marked as draft some of them have in fact been adopted.

Mr. Leary acknowledged his comments from Mr. Brown and added that he too had some suggested changes. Mr. Leary stated that he could not find a policy on substance abuse. Mr. Coggin suggested writing a new one.

Mr. Coggin further suggested that they vote upon the policies individually as some of them are already active. Mr. Leary said he would be happy to receive comments and would add them to the ones he already had.

Mr. Coggin said as they spent a lot of time on policies, it might be more productive to have a policy book that includes all of the currently approved policies and separate from that they would have the ones they are working on.

Mr. Leary commented that some of the policies have been adopted however there is no date attached to them and asked for some guidance.

ADJOURNMENT

** MR. COGGIN MOVED TO ADJOURN.

** MR. BROWN SECONDED.

** MOTION PASSED UNANIMOUSLY.

The meeting was adjourned at 8.50pm.

Respectfully submitted,

Kate Kye

Telesco Secretarial Services

